

SHORT REVIEW OF
SALT EXCISE OF BOMBAY
PRESIDENCY

1856



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**SELECTIONS FROM THE RECORDS OF THE BOMBAY
GOVERNMENT.**

No. XLVIII.—NEW SERIES.

A SHORT REVIEW

OF

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MR. PLOWDEN'S REPORT

ON THE

SALT EXCISE OF THE BOMBAY PRESIDENCY,

PRESENTED TO BOTH HOUSES OF PARLIAMENT BY COMMAND
OF HER MAJESTY, 1856.

Illustrated by a Diagram.

BY NICHOLAS A. DALZELL, A.M., F.B.S.E.

UNCOVENANTED ASSISTANT COMMISSIONER OF CUSTOMS, SALT, AND OPIUM AT SURAT.

Bombay:

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1858.

A SHORT REVIEW, &c. &c.

1. From the remarks contained in the first 16 paragraphs of the Salt Report, which I now venture to review, it would appear that the object of Mr. Plowden's visit to Bombay in March 1854 was to acquire a knowledge of the system in operation there with regard to the manufacture of Salt, with a view to the practicability and expediency of introducing something similar into Bengal.

2. But Mr. Plowden has not restricted himself to this inquiry only, but has also entered on a history of the Salt Excise in Bombay, touching its administration, the success or otherwise of the various changes it has undergone, and the financial results deducible therefrom.

3. The conclusions that Mr. Plowden has arrived at (paragraphs 443 to 445) are of a sufficiently gloomy and unpromising aspect; they are as follows:—

1st.—That extensive smuggling *must* be supposed.

2nd.—That the deliveries of Salt have declined in the ten years succeeding the increase of duty from Eight to Twelve Annas.

3rd.—That the population *must* have progressively increased.

4th.—That the control has been lax; and, finally, that he knows not whether it is the enhancement of the duty or the extensive smuggling that is the cause of the decreased consumption of Salt.

4. The final impression which Mr. Plowden leaves on the mind of the reader is, that unless "the revenue exhibit a marked improvement, it will be necessary to reduce the tax on Salt to the old rate of eight annas per maund." (*Vide* paragraph 446.)

5. It will, perhaps, be considered rather a bold undertaking to attempt, as I now do, to show, and that with the same data and facts as were furnished to Mr. Plowden, that his views are erroneous and unfounded, and that his conclusions are not such as a careful and attentive study of facts and figures ought to have led him to adopt.

6. It will be seen in the sequel that the stubborn figures in this

Parliamentary Book, when properly understood, refuse to accommodate themselves to Mr. Plowden's view of the question.

7. If this Report of Mr. Plowden's had merely reference to the past, it might, with safety, be deposited on the shelves of the Record room; but as it gives considerable countenance to a reduction of the Excise, with the view of benefiting the revenue, I think it is my duty, as a public officer of the Department of Salt Excise, to expose any fallacy that may lead to a step that, in my opinion, would be fraught with mischief to the revenue.

8. From paragraph 334 of Mr. Plowden's Report we learn that, in 1846 and 1848, the Court of Directors drew the attention of the Bombay Government to the progressive decline in the deliveries of Salt from 1843-44 to 1846-47.

9. A searching inquiry was, in consequence, undertaken by the Bombay Government to discover the cause of this decline, and the conclusion to which they came was, that "the increase in the Excise must have had a tendency both to diminish consumption *and* increase the contraband trade." (*Vide* paragraph 335.)

10. I may just, *en passant*, advert to the antagonistic nature of these two tendencies, as the increase in the contraband trade would rather tend to keep up the amount of consumption than to diminish it.

11. This, however, was the view taken by the Bombay Government (paragraph 336), as appears from the following minutes on the subject:—

"The Governor recorded that the effect of the Salt Excise on the consumption cannot be ascertained till the extensive smuggling, which is *supposed* to exist, shall have been put an end to."

12. Mr. Willoughby, in his minute on the subject (paragraph 336), "hoped that the severe penalties of Act XXXI. of 1850 against *smuggling* would increase the revenue by diminishing the contraband trade."

13. Now, in the very next year after the Act passed, that is in 1850-51, as we learn from Appendix K of Mr. Plowden's Report, there was a falling off, in the deliveries of Salt, to the extent of 1,03,496, maunds, so Mr. Willoughby's expectations were not realised.

14. In addition to these causes assigned by the Bombay Government for the falling off alluded to by the Honorable Court, Mr. Willoughby superadded, as a corollary to the above, and inevident connection with the "supposed extensive smuggling," "that the advantages anticipated from the appointment of Uncovenanted Assistants to the Collector of Continental Customs and Excise had not been realised," in which opinion Mr. Blane concurred.

15. I will not make any comment upon these views of the Bombay Government (which, however, seem to be assumed more as probabili-

ties than adopted as fixed opinions) : 1st—Because it would not become me to do so ; and 2nd, because, if I succeeded in showing, as I hope to do, that there was no diminished consumption of *licit* Salt by the population ; that the deliveries of Salt did not fall off in consequence of an increase in the tax ; and also that the revenue did not suffer in the least by that measure ; then, I think, that the “supposed extensive smuggling” and the other collateral and subsidiary causes assigned for the falling off, pointed out by the Honorable Court, will not be able to stand by themselves.

16. I shall, first of all, then, point out the true cause of the “progressive decline in the deliveries of Salt from 1843-44 to 1846-47,” which seems hitherto to have entirely escaped notice.

17. After giving the explanation promised, I think it will be conceded by every honest mind, that had it been known to the Honorable the Court of Directors, they would not, when reviewing the Salt Revenue for the years 1843-44 and 1844-45, have had reason to complain of the falling off in the deliveries of Salt in the latter or two subsequent years, and no perplexity or disappointment would have been experienced by the Bombay Government on the subject.

18. The explanation is simply this;—that in the year 1842-43 and 1843-44 (the two last at the eight annas rate), there was a rumour prevalent throughout the country, that there was shortly to be an increase of the Salt Tax, the consequence of which was, that speculators came into the market and bought up immense quantities of Salt with the very obvious purpose of storing it up until the additional tax had raised the market price of the article, as it would do, of course, in proportion to the amount of additional tax.

19. Such being the fact, is it any difficult matter to perceive that the deliveries of Salt during these two years could afford no criterion of the ordinary state of the Salt Revenue, or represent the consumption of the article by the population as under ordinary circumstances ?

20. If any person were disposed to doubt the truth of my assertion with regard to the immense quantities of Salt bought up in these two years, I may here state that I am, fortunately, enabled, simply by the facts and figures which are to be found in Mr. Plowden’s report, to bring forward two very strong proofs of the extraordinary sales alluded to in these two years.

21. Let me, in the first place, however, in common with Mr. Plowden in his 345 paragraph, regret the paucity of materials, and the imperfect state of the Salt Records for the year 1841-42, as well as the three years preceding, when the Salt Act 1837, fixing the tax at eight annas, came into operation, Mr. Plowden has, consequently, been

unable to furnish any account of the deliveries of Salt for the four years 1838-39, 1839-40, 1840-41, 1841-42.

22. I feel under obligations, however, to Mr. Plowden for a very valuable piece of information given in paragraph 114 of his Report, which is that *the average annual gross revenue on Salt from 1838-39 to 1843-44 (the six years) during which the tax was eight annas per Indian maund was Rs. 15,48,469, or say in round numbers 15½ lacs of Rupees.*

23. The deliveries of Salt during the two last of these six years are to be found in Appendix K of Mr. Plowden's Report; the average deliveries, &c. are as follows :—

	Indian Maunds.
Foreign Imports	2,23,022
Taken for consumption in the interior	29,66,215
Exports to Calcutta	4,80,426
Total, at Eight Annas per Maund....	36,69,663
Exports to British Ports, Madras Presidency, at Three Pies per Maund....	5,08,057
Exports to Foreign Ports, Madras Presidency, at One Anna per Indian Maund....	2,03,856
Exported beyond India, at One Anna per Maund	57,037
Grand Total.....	44,38,613

24. The average annual gross revenue for the two years 1842-43 and 1843-44 on the quantity of Salt indicated as above, was no less than Rs. 18,59,074, or say in round numbers 18½ lacs, for the sake of convenience, and as my argument can afford to lose a little.

25. We have now obtained two facts, viz. the average revenue of the six years 1838-39 to 1843-44, viz. 15½ lacs of Rupees, and also the average revenue of the two last of these years, viz. 18½ lacs, so that, as will be seen by the following calculation, we can tell to a nicety what was the average of the former four years, and that it was exactly 14 lacs of Rupees per annum, amounts to a demonstration :—

	Rupees.
In 1838-39.....	14,00,000
In 1839-40.....	14,00,000
In 1840-41.....	14,00,000
In 1841-42.....	14,00,000
In 1842-43.....	18,50,000
In 1843-44.....	18,50,000
Total....	93,00,000

Average of the Six years.... Rs. 15,50,000

or the exact sum indicated by Mr. Plowden in the 114 paragraph of his Report.

26. From these facts, then, we become aware of a sudden and unnatural increase in the demand for the article of Salt during the two last years of the lower rate of Excise, during which a quantity of Salt represented by nine lacs of Rupees, that is maunds 18,00,000, over and above the average deliveries of any former two years, was carried away by the traders.

27. Such being the case, it was to be expected, naturally enough, that the Court of Directors would have been anxious to understand the cause of such a great and sudden increase in the Salt Revenue, but this does not appear from the Blue Book to have been the case. The Honorable Court, however, did not fail to instruct the Bombay Government to discover the causes of the falling off from the year 1843-44.

28. How the financial results of former years came to be entirely ignored, during the discussion that took place, as recorded in paragraphs 334 to 336 of the Blue Book, passes my comprehension.

29. It may be that Government and commercial bodies are like individuals when they are prosperous, they are too well satisfied with the fact to make any very minute or anxious inquiries into the causes of their prosperity.

30. Mr. Plowden's Report professes to be a history of the Salt Revenue, and although it was his obvious duty to investigate the matter as fully as possible, we find no mention of the facts detailed above; and if he was only groping in the dark instead of throwing light on the subject of inquiry, it was wholly due to his not taking a sufficiently enlarged view of the question, and by his making arbitrary comparisons of three years with other three years, instead of one natural series of years with another natural series.

31. We have now seen that, in the years 1842-43, 1843-44, the equilibrium of the Salt trade was violently disturbed, and that the prospective increase of the Salt Tax stimulated the ordinary foresight of the Salt merchants, and gave a sudden and extraordinary impetus to the trade, much in the same way as the prospect of a famine would do to the grain trade.

32. On the introduction of the higher rate of Excise, then, we are made aware of the fact that the bazars and store houses of the merchants contained no less than one million eight hundred thousand Indian maunds of surplus Salt, and a reaction was, therefore, the natural consequence of the former unprecedented demand, and that reaction was the cause of the falling off of the Salt Revenue in the following years.

33. Was it reasonable, let me ask, to expect its sudden restoration?—in other words, could it be hoped that the deliveries of Salt from the

works would rise to a fair average, until the great surplus *stored up*, in anticipation of the increased tax, had been gradually consumed? Certainly not.

34. It is to be borne in mind, that all this surplus was carried away for *internal* consumption for the very obvious reason, that it was only on *that* that any profit could have been realised. No corresponding disturbance, as we learn from Mr. Plowden's Appendix K, took place in the export trade to Bengal or Madras, where there was no room for speculation, allowance merely being made there for any amount of tax paid in Bombay, whether eight annas or twelve annas.

35. With so much extra stock on hand, we are now fully prepared, I think, for the announcement, that the demand afterwards fell considerably short of what it would have been but for this circumstance, and accordingly we learn from Mr. Plowden's Appendix K, so often referred to, that there was a very considerable deficiency in the deliveries of Salt, but for *internal consumption only* during the three following years 1844-45 to 1846-47; but let me here ask, was it caused by a decrease in the consumption or extensive smuggling, &c. as the Bombay Government were led to suppose? Certainly not,—the causes of that decrease, when thus explained, are patent to the most ordinary understanding. It was not caused even by the increase of the tax, as I shall presently proceed to show.

36. In pursuance of my explanation, then, it will be readily conceded, I think, that, like the arms of a balance, the two years of extraordinary receipts on account of Salt Tax are necessarily and indissolubly connected with the subsequent three years deficiency as cause and effect, and that the consumption of the great surplus of Salt was spread over these three years of deficiency, so as to reduce the sales during these three years.

37. This appears to me to be dealing fairly and justly with the subject, but Mr. Plowden, in his ignorance of the circumstances, has wholly disconnected them, so that it excites no surprise that he came to a wrong conclusion.

38. What would be thought of a Natural Philosopher who, with a view to the determination of the general level of the ocean, should calculate from the average of its highest tides only, and leave out the average of its lowest, instead of taking the mean of both?—but this is quite analogous to what Mr. Plowden has done in his Report and his Appendix K.

39. I shall, therefore, take the average of the five years alluded to for the purpose of showing that there are no grounds whatever for Mr. Plowden's opinion, as given in paragraph 344 of his Report, "that there has

been either a very considerable diminution in the actual *consumption* or a very considerable progressive increase in the illicit consumption."

40. The total deliveries and imports during these five years are as follows:—

	Maunds.
In 1842-43	42,44,052
In 1843-44	41,87,132
In 1844-45	37,73,124
In 1845-46	38,98,519
In 1846-47	34,49,099
	5) 1,95,51,926
Average....	39,10,385

41. The average annual quantity of Salt delivered from the Salt works during these five years thus appears to have been 39 lacs of maunds. We have already seen (paragraph 25) that the gross average annual receipts of the four antecedent years 1838-39 to 1841-42 were 14 lacs of Rupees, the quantities of Salt delivered, representing this sum, according to the best calculation it is in my power to make, are as follows:—

	Maunds.	Corresponding Receipts.
For internal consumption, at Eight Annas.....	22,70,119	} at Eight Annas .. Rs. 13,73,255
Exports to Calcutta, at Eight Annas, ...	4,76,351	
Exports to British Ports, Madras Presidency, at Three Pies.....	5,25,000	at Three Pies Rs. 8,203
To Foreign Ports, and beyond India, at One Anna	2,97,000	at One Anna Rs. 18,562
Total Maunds....	35,68,470	Total Receipts.. Rs. 14,00,000

42. Now I would beg every one who takes the trouble to follow me through this calculation to compare the results of these two natural periods, the first of four years 1838-39 to 1841-42 with the second of five years 1842-43 to 1846-47, and, I think, he will be satisfied, that even in spite of an increase in the tax of 50 per cent. additional, during the three last years of the second period, that the second period exhibits an immense improvement upon the first, being no less than an increase in the sales to the extent of $3\frac{1}{2}$ lacs of Indian maunds.

43. What becomes now of Mr. Plowden's statement in paragraph 344 of his Report, that "there has either been a very considerable diminution in the actual consumption of Salt, or a very considerable increase in the illicit consumption"? Such an opinion is utterly untenable.

44. It is scarcely necessary to show the comparative financial results of these periods, because, from the statements of the quantities of Salt sold, it will be readily anticipated that the revenue also (setting entirely aside the 50 per cent. increase of tax) materially improved, but it is here submitted for the sake of completeness, as follows :—

Average of three years 1844-45 to 1846-47, taken from Appendix K. of Mr. Plowden's Report:—

	Maunds.		
Foreign Imports	1,73,857	} Amount of duty .. Rs.	22,51,190
Carried away for interior consumption	23,55,454		
Export to Calcutta	4,72,276		
• Total, at 12 Annas ..	30,01,587		
To British Ports, Madras Presidency, at $\frac{1}{4}$ Anna	5,42,285	Amount of duty .. Rs.	8,473
To Foreign Ports, Madras Presidency, at 1 Anna	3,22,404	Amount of duty .. Rs.	20,150
Beyond India, at 1 Anna	14,493	Amount of duty .. Rs.	906
Total Maunds ...	38,80,769	Total average Receipts Rs.	22,80,719

45. To make a fair comparison with the average Salt Revenue for the period 1838-39 to 1841-42, one third, or 50 per cent. of the realisations at 12 annas per maund must be deducted from the above, leaving 15,00,794, which, added to the sums received on exported Salt, makes a total of Rs. 15,30,323. Adding to this the average of the two years 1842-43 and 1843-44, which, by paragraph 24, we have seen to be Rs. 18,59,074, and taking the mean of both, we have an average revenue of the five years 1842-43 to 1846-47 of no less than Rs. 16,94,698, or *nearly 17 lacs of Rupees*, even after deducting the additional duty of 4 annas received on all deliveries in the three years from 1844-45 to 1846-47.

46. Let this be compared now with the 14 lacs of gross annual receipts from 1837-38 to 1841-42, and it will be conceded, I think, that neither the Honorable the Court of Directors, nor the Bombay Government, had the least cause for the anxiety or disappointment which they evinced on this subject, as we learn from paragraphs 334 to 337 of Mr. Plowden's Report.

47. Mr. Plowden states in paragraph 443 of his Report, that "the deliveries of Salt have declined during the ten years succeeding 1843-44; that the population must have progressively increased, and, that while the tax has been raised 50 per cent., the increase in the revenue has increased only 33 per cent."

48. Now the whole of these opinions are vitiated by Mr. Plowden's mistake in supposing the Salt deliveries of the year 1843-44 to represent the ordinary demand for that article, regulated by the general annual consumption, it has been satisfactorily demonstrated that such was not the case, but, from his having started upon this false key note, the whole of his arguments are consequently out of tune.

49. In estimating the effects of the increased rate of tax on the consumption, which is a different inquiry, we have really nothing but the results of the years 1838-39 to 1841-42, with which the subsequent results of the enhanced rate can be fairly and justly compared, and, in following out this inquiry, the period of disturbance, caused by speculation and three different rates of Excise, should be omitted, the year 1847-48, being the first year at 12 annas rate in which the consumption by the population was faithfully represented by the sales for *internal* consumption.

50. In studying the effect of the increased rate of tax on the consumption, it is necessary to throw out of the calculation all the Salt exported to Calcutta, Madras, and where the price is not altered to the consumer, by any rise or fall in Bombay, and to confine our attention to that sold or imported for interior consumption.

51. On an inspection of Appendix K of Mr. Plowden's report, we find two averages, of three years each, given of the deliveries for interior consumption during six years from 1847-48 to 1852-53, one of maunds 27,43,203, the other maunds 27,35,866, regarding which the only remark which suggests itself is, that they come very near to each other, and prove a remarkable steadiness and uniformity in the demand, and consequently, in the consumption of the article.

52. These two averages by the addition of those of foreign imports are raised respectively to 28,95,880 maunds and 28,64,952 maunds, the mean of these being maunds 28,80,416, which amount may be safely and confidently put down as the mean annual consumption in the interior, during the period in question.

53. We have now, therefore, three averages of deliveries of Salt as follows :—

1838-39.....	}	Annual average..... Maunds	22,70,119
1839-40.....			
1840-41.....			
1841-42.....			
1842-43.....	}	Annual average..... Maunds	28,59,263
1843-44.....			
1844-45.....			
1845-46.....			
1846-47.....			

1847-48.....	}	Annual average.....	Maunds	28,80,416
1848-49.....				
1849-50.....				
1850-51.....				
1851-52.....				
1852-53.....				

54. The gross annual average revenue of these three periods are as follows :—

1838-39 to 1841-42.....	Rs. 14,00,000
1842-43 to 1846-47.....	„ 20,69,896
1847-48 to 1852-53.....	„ 25,22,520

which are calculated entirely from the figured statements furnished by Mr. Plowden.

55. Having now shown that there has been a natural and progressive development, not only of the revenue derived from the Salt Tax, but also of the consumption of the article by the population, I shall leave the reader to judge for himself of the value of Mr. Plowden's statement in paragraph 443 of his Report, that while the tax on Salt has been raised 50 per cent., the increase in the revenue has amounted to less than 33 per cent.!!

56. Fourteen lacs, we have seen (paragraph 41), was the average annual revenue at eight annas per maund, when there were no disturbing causes, upwards of 25 lacs has been the average revenue of the last six years under review, under the same absence of disturbing causes, amounting to no less than 80 *per cent.* of increase.

57. Before concluding, I may advert to a general impression which seems to prevail both with the Honorable the Court of Directors (*vide* paragraph 11), and with certain local officers whose names are not given (paragraph 443), and also with Mr. Plowden himself (*vide* paragraph 446), that a reduction in the Excise would lead to an increased consumption of Salt, and that individual consumption is economised on account of the increase of the tax, and this has also been stated in the House of Commons.

58. I have reason to think this a pure fallacy; such might be the cause with luxuries, but scarcely with necessities: a man requires a certain quantity of Salt with his food, and that quantity he must and will have, and he would not consume more if he had it for nothing. Indeed, the idea of a Native spoiling his meals because Salt was cheap, is, in the highest degree, improbable, to say the least of it.

59. The Salt Tax on this side of India resolves itself into a national burden of eighteen pies or nine farthings per man, and the idea of economising, in consequence of this annual outlay, is only calculated to raise a smile.

Diagram of Salt Deliveries from the Bombay Works, and of Imported Salt for Interior Consumption, from 1838-39 to 1852-53.

A		B	
1838-39	Average Indian Maunds 22,70,000	1842-43	31,44,000 Indian Maunds
1839-40		1843-44	Ditto 32,33,000
1840-41		1844-45	Ditto 26,02,000
1841-42		1845-46	Ditto 26,80,000
		1846-47	Ditto 23,04,000
		1847-48	Ditto 31,79,000
		1848-49	Ditto 27,34,000
		1849-50	Ditto 27,77,000
		1850-51	Ditto 27,18,000
		1851-52	Ditto 28,85,000
		1852-53	Ditto 29,89,000

60. I have now finished my task, and I trust that it will be considered I have done it impartially, and as actuated solely by a love of truth, and of fair play to the department in which I have had the honour to serve for the last fifteen years.

61. I will do Mr. Plowden the justice to say, that he has told *part* of the history of the Bombay Salt Revenue accurately, but he has, as we have seen, omitted certain features in its history, which, when inserted, have altered, contradicted and neutralised the results to which he wished to lead us.

62. These results, as now detailed, ought to satisfy the Court of Directors and the Bombay Government as to the past, while they are full of encouragement for the future; fully demonstrating, as they do, that the increase of the tax on Salt has not, in the slightest degree, injuriously affected its consumption by the population on this side of India, and that to revert to the old rate of eight annas would be to relinquish voluntarily no less than seven lacs and twenty thousand Rupees of annual revenue, without the slightest prospect of increasing the consumption of the article.

The annexed Diagram is accurately drawn to scale; the horizontal distances representing the different years, and the vertical heights the amount of Salt deliveries.

During the first four years an average only is given. In the fifth and sixth, and also in the tenth year, some disturbing cause evidently affected the trade, but it is a singular fact, that, by drawing the red line AB., which represents the correct average, the excess of the fifth and sixth, as nearly as possible, balances the apparent deficit of the three succeeding years; and that of the tenth the deficit of the three years which follow it.

As any increase can have no connection with preceding years, it must, of necessity, be taken into the calculation of the averages of those following, and the above Diagram is conclusive evidence of this.

So far from there having been a diminution in the consumption, the average appears to have suddenly risen, and the consumption increased about 14 per cent.

This appears to have been caused by the traders having large stocks on hand, which obliged them, for a time, to force a trade, and be satisfied with moderate profits.

This is not a forced view of the case; for, by the extension of the trade to new localities, an increase in the general consumption might be expected, and, when once established, there is little chance of decrease.

N. A. DALZELL.

No. 2585 OF 1858.

TERRITORIAL DEPARTMENT,
REVENUE.

Dated Bombay Castle, 2nd August 1858.

To the ACTING COMMISSIONER of CUSTOMS, SALT, and OPIUM.

Copy of the Resolution passed by Government on a paper submitted by Mr. Dalzell, Assistant Commissioner of Customs, Salt, and Opium, on the subject of Mr. Plowden's Salt Report.

Mr. Plowden, in the 446th paragraph of his Salt Report, while stating that he acquiesced in the decision arrived at by the Bombay Government that it was not advisable, in a financial view, to revert from the existing enhanced rate of excise duty on Salt (fixed at twelve (12) annas) to the former rate of eight (8) annas per Indian maund, clearly indicates that he also concurred in the conclusion at which the Honorable the Court of Directors and this Government had arrived; that the deliveries of Salt from the Salt Pans had materially declined since the introduction of the enhanced rate of duty, and infers from this supposed decline, either a decreased consumption of Salt, or increased illicit supply. He further states "that unless the revenue exhibit a marked improvement, it will be necessary to reduce the tax on Salt to the old rate of eight annas per Indian maund."

2. With reference to these views of the Honorable Court, of this Government, and of Mr. Plowden, Mr. Dalzell now solicits permission to publish a brochure, in which he shows that there has, in reality, been no decline whatever in the deliveries of Salt, and, therefore, that there are no grounds to believe either that consumption has decreased, or smuggling increased.

3. Mr. Dalzell appears to Government to have satisfactorily established his position. His reasoning may be briefly summed up as follows:—

4. The inference that a decline in the deliveries of Salt had occurred was arrived at by the Honorable the Court of Directors in 1847, and was based on the fact that, whereas in the years 1842-43 and 1843-44 (being the two last years in which the excise was assessed at eight (8) annas per maund), the deliveries averaged 29,66,215 maunds; the average for the next three years amounted only to 23,55,450 maunds.

5. Mr. Dalzell points out that the deliveries, during the two years 1842-43 and 1843-44, were greatly in excess of the average of the years immediately preceding. He shows that while the realisations from

excise duty, during the years above cited, averaged about Rupees eighteen lacs and fifty thousand (18,50,000) ; the realisations during the three years preceding averaged only about Rupees fourteen lacs (14,00,000). The average of the whole six years from the first introduction of the Salt Excise in the year 1838-39 to the time of its enhancement from eight (8) to twelve (12) annas per maund in 1844-45 was about Rupees fifteen lacs and fifty thousand (15,50,000).

6. Mr. Dalzell states that the sudden increase in 1842-43 and 1843-44 was owing to the prevalence of a rumour that the rate of Salt Excise was about to be increased. It is notorious that such a rumour was in circulation at the period, and it is obvious that it would naturally lead dealers to anticipate the operation of the tax by accumulating as much Salt in their stores as possible, before the new tax was imposed.

7. The increased run on the Salt Pans must necessarily have been followed by a reaction so soon as the enhanced duty was imposed, and it is clear that admitting a large surplus stock to have been in the dealers' hands, falling off in deliveries would not necessarily indicate a falling off in consumption or an increase of smuggling. It cannot be denied that there was such a falling off, but if the total deliveries of five years, embracing the two years of extraordinary demand previous to the enhancement of the duty, and the three of decline which succeeded that event, be taken, it will be found that the average of those five years considerably exceeds the average deliveries of the years preceding those in which the expected increase of duty disturbed and increased the natural demand.

8. The following approximate result is stated in Mr. Dalzell's 53rd paragraph:—

Average deliveries for consumption in the	Maunds.
Interior from 1838-39 to 1841-42.....	22,70,119
1842-43 to 1846-47.....	28,59,263
1847-48 to 1852-53.....	28,80,416
To the above averages may be added,	
that for the years 1853-54 to 1855-56.....	28,56,189

9. It is evident, from the above statement, that there has been a considerable increase in the deliveries since the introduction of the enhanced duty, and it follows that the fears, which originated from a comparison of the realisations of 1842-43 and 1843-44 with those of 1844-45, 1845-46 and 1846-47 were groundless.

10. Mr. Plowden, however—he may have been misled on this particular point—did not, it will be observed, incautiously advocate an immediate reversion to the old rate of duty. He merely suggested that it might be advisable to revert to that duty if no improvement were

observable in future; but the future to which he looked has clearly proved that no such reversion is called for.

11. It is not clear why Mr. Dalzell did not forward his observations through the Head of the Department in which he is an Assistant. It might have been better had Government had an opportunity of learning the opinion of the Commissioner of Customs, Salt, and Opium, on the point to which Mr. Dalzell's criticisms relate, and His Lordship in Council is of opinion that, instead of permitting Mr. Dalzell to publish his remarks by themselves, it will be expedient to forward them for the remarks of the Commissioner of Customs, Salt, and Opium, and to publish the whole as a selection from the Government records.

12. The Commissioner should complete the Statement given in paragraph 8 of this Resolution up to the present date.

H. YOUNG,
Chief Secretary to Government.

No. 1789 of 1858.

TERRITORIAL DEPARTMENT,
REVENUE.

From RICHARD SPOONER, Esq.,
Commissioner of Customs, Salt, and Opium.

To HENRY YOUNG, Esq.,
Chief Secretary to Government.

*Bombay, Office of Commissioner of Customs,
Salt, and Opium, 20th October 1858.*

SIR,

Mr. N. A. Dalzell's comments on Mr. Plowden's Salt Report.

I have the honour to acknowledge the receipt of Government Resolution, No. 2585, dated the 2nd August last, on the subject noted in the margin.

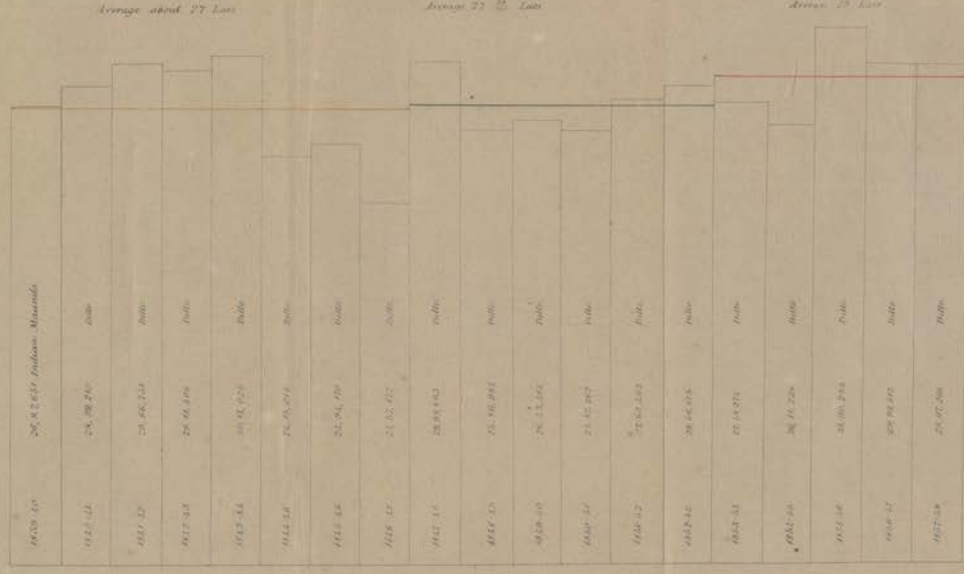
2. Mr. Dalzell's report has already been so carefully reviewed by Government as to leave me but little to add on the subject.

3. I am directed, however, to complete the statement given in paragraph 8 of the Resolution.

4. The information which Government require is evidently simply this, viz what has been the result of the Salt Excise Duty of 8 Annas as per Act XXVII. of 1837, and of the 12 Anna Duty as per Act XVI. of 1844 respectively.

Diagram of Salt Deliveries for Interior Consumption.

A.



N.B.—From 1839-40 to 1843-44, the Duty was Eight Annas per Indian Maund.

From 1844-45 to the present period, the Duty was 12 Annas per Indian Maund.

5. I beg, therefore, to transmit a Diagram marked A of Salt deliveries for interior consumption, prepared according to Mr. Plowden's form, page 59, paragraph 342 of his Salt Report.

6. By the words "Salt deliveries for interior consumption" is meant :

1st.—Salt carried by sea from the Salt Works to British Ports in the Bombay Presidency,

2nd.—All Salt carried by land ;

And it does *not* include Salt exported from the Bombay Presidency.

1st.—To Calcutta by sea.

2nd.—To the Madras Presidency by sea.

3rd.—To places beyond the Continent of India by sea.

7. For the years 1837-38 and 1838-39 no very correct information is procurable, and hence, therefore, those years should be excluded from our calculation.

8. For the next five years until the close of the Eight Anna Duty, the average quantity of Salt taken for interior consumption was Indian maunds 28,85,210 per year.

Years.	Indian Maunds.
1839-40	26,97,651
1840-41	28,29,210
1841-42	29,66,758
1842-43	29,18,406
1843-44	30,14,025
	1,44,26,050
Average....	28,85,210

9. For the first three years of the 12 Anna Duty, the average quantity of Salt taken for interior consumption was Indian maunds 23,55,454 per year.

Years.	Indian Maunds.
1844-45	24,15,016
1845-46	24,94,170
1846-47	21,57,177
	70,66,363
Average....	23,55,454

10. I have taken three years, because, as very justly remarked by Mr. Dalzell, there was probably an *excess* of Salt taken in the years (say three years) immediately preceding the raising of the duty from eight annas to 12 annas, and also there was a corresponding decrease in, say the three years immediately following the introduction of the 12 Anna Duty.

11. The average of the total period from 1839-40 to 1846-47, viz. five years of the Eight Anna Duty, and the first three years of the 12 Anna Duty, gives an average of Indian maunds 26,86,552 per year.

Years.	Indian Maunds.
1839-40	26,97,651
1840-41	28,29,210
1841-42	29,66,758
1842-43	29,18,406
1843-44	30,14,025
1844-45	24,15,016
1845-46	24,94,170
1846-47	21,57,177
	2,14,92,413
Average....	26,86,552

12. For the next six years, viz. up to 1852-53, being the last year mentioned by Mr. Plowden, the average is Indian maunds 27,39,535 per year.

Years.	Indian Maunds.
1847-48	29,99,063
1848-49	25,86,984
1849-50	26,43,564
1850-51	25,87,262
1851-52	27,63,463
1852-53	28,56,873
	1,64,37,209
Average....	27,39,535

13. To the above, I have added, as required in paragraph 8 of the Government Resolution under reference, the years subsequent, viz. 1853-54 to 1857-58, and which gives an average of Indian maunds 29,12,263 per year.

Years.	Indian Maunds.
1853-54	27,58,974
1854-55	26,15,228
1855-56	31,90,233
1856-57	29,99,613
1857-58	29,97,266
	1,45,61,314
Average. . .	29,12,263

14. It will be observed, that the average of the eight years 1839-40 and 1846-47, as nearly as possible, corresponds with the average for the next six years 1847-48 and 1852-53; while the average of the subsequent five years 1853-54 and 1857-58 shows an increase of about two lacs of Indian maunds per year, or say an increase of six per cent. over the previous average.

15. I shall purposely refrain from entering into any long detail in regard to the calculations made by Mr. N. A. Dalzell, as many of them are framed from mere assumptions and inferences, while my statement is framed from actual transactions, except for the years 1842-43 and 1852-53, where I have quoted Mr. Plowden's figures, as they very nearly correspond with the actual transactions, and, consequently, there is no necessity for disturbing what has already been recorded by him.

16. And I will only conclude by remarking, with reference to paragraph 446 of Mr. Plowden's Report, page 80, that the revenue collections are, on the whole, satisfactory; that there is nothing to show that the increased Excise of 12 annas has diminished the consumption of Salt by the population, and that, therefore, there is no necessity whatever, at the present at least, to reduce the Excise to the old rate of eight annas.

17. I beg to annex a Statement marked B, showing the total revenue realised on Salt removed for interior consumption, and also on Salt exported to the Madras Presidency and Calcutta from 1839-40 and 1857-58, from which it is to be observed that for the first period of five years, viz. 1839-40 to 1843-44 during the Eight Anna Duty, the average annual collections amounted to Rs. 15,86,125, and for the subsequent periods the realisations were as follows :—

Second period of five years from 1844-45 to 1848-49.... Rs. 22,37,153
 Third period of five years from 1849-50 to 1853-54.... „ 23,86,596
 Fourth period of four years from 1854-55 to 1857-58.... „ 26,27,639

I have the honour to be, &c.

RICHARD SPOONER,
 Commissioner of Customs, Salt, and Opium.

B.

**STATEMENT showing the total Salt Excise Revenue from
1839-40 to 1857-58.**

Years.	Revenue on Salt export- ed to Malabar.	Revenue on Salt exported to Calcutta.	Revenue on Salt removed for con- sumption in the Interior.	Total Revenue.	Remarks.
1	2	3	4	5	6
	Rupees.	Rupees.	Rupees.	Rupees.	
1839-40	17,114	71,493	13,47,354	14,35,961	Average. Rs. 15,86,125
1840-41	20,118	44,242	14,04,370	14,68,730	
1841-42	23,826	29,890	14,73,565	15,27,281	
1842-43	34,895	1,99,520	14,65,832	17,00,247	
1843-44	17,924	2,80,905	14,99,575	17,98,404	
1844-45	24,372	3,81,689	17,26,200	21,32,261	Ditto. Rs. 22,37,153
1845-46	40,784	3,40,248	18,60,195	22,41,227	
1846-47	31,488	3,00,188	16,13,665	19,45,341	
1847-48	34,701	3,26,946	22,40,511	26,02,158	
1848-49	27,771	3,06,330	19,30,677	22,64,778	
1849-50	32,052	3,87,588	19,42,740	23,62,380	Ditto. Rs. 23,86,596
1850-51	37,697	3,61,056	19,24,276	23,23,029	
1851-52	24,765	3,08,353	20,69,774	24,02,892	
1852-53	35,678	3,05,022	21,24,871	24,65,571	
1853-54	46,093	2,84,712	20,48,301	23,79,106	
1854-55	34,586	4,35,953	19,34,455	24,04,994	Ditto. Rs. 26,27,639
1855-56	30,775	3,44,243	23,72,771	27,47,789	
1856-57	29,004	2,89,062	22,22,928	25,40,994	
1857-58	38,444	5,74,308	22,04,025	28,16,777	

RICHARD SPOONER,
Commissioner of Customs, Salt, and Opium

*Bombay, Office of Commissioner of Customs,
Salt, and Opium, 20th October 1858.*

RESOLUTION OF GOVERNMENT ON THE
FOREGOING LETTER.

No. 3841 OF 1858.

TERRITORIAL DEPARTMENT,
REVENUE.

Dated Bombay Castle, 22nd November 1858.

To the COMMISSIONER OF CUSTOMS, SALT, and OPIUM.

Copy of the Resolution passed by Government on the foregoing Letter.

The following papers to be printed as a part of the Revenue Selections of this Presidency :—

Mr. Dalzell's Review of Mr. Plowden's Report.

Government Resolution No. 2585, dated 2nd August 1858.

Report by the Commissioner of Customs, Salt, and Opium, dated 20th October 1858, No. 1789, and the usual number of copies furnished to the Home Authorities, with a letter from this Government.

2. The Commissioner of Customs, Salt, and Opium to be requested to furnish Mr. Dalzell with a copy of the correspondence which has taken place on the subject of his review.

B. H. ELLIS,
Acting Secretary to Government.



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